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RUEHPB/AMEMBASSY PORT MORESBY 1329
RUEHUM/AMEMBASSY ULAANBAATAR 0005
RUEHWL/AMEMBASSY WELLINGTON 1527
RUEHNZ/AMCONSUL AUCKLAND 0489
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C O N F I D E N T I A L SECTION 01 OF 03 SUVA 000402

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TAGS: [PREL](#) [PINR](#) [MARR](#) [PGOV](#) [EFIS](#) [XV](#) [CH](#) [TW](#)
SUBJECT: TAIWAN AND CHINA RELATIONS IN THE PACIFIC --
UPDATE RE TUVALU, KIRIBATI, AND NAURU

REF: SUVA 372

Classified By: Amb. Dinger. Sec. 1.4 (B,D).

Summary

1. (C) Competition between China and Taiwan for allegiance from small Pacific states remains intense. In Tuvalu, Taiwan is a very visible donor, which Tuvaluans appreciate. However, the Taiwan ambassador to Tuvalu was PNGed after meddling in 2006 post-election politics. The current ambassador curries favor well, while the PRC constantly probes for an opening. In Kiribati and Nauru in recent years, leadership changes brought realignments on the China-Taiwan front. Both Kiribati and Nauru will have elections again in August. Both sets of incumbents seem confident of victory. In both nations, Taiwan has been very visibly supportive, sometimes with minimal accounting requirements, while China has attempted to maneuver behind the scenes. The Scotty government in Nauru moved up elections from October to August in part to limit alleged PRC efforts to buy votes. Reportedly, some PRC agents attempted to enter Nauru on Mongolian passports. The Taiwan ambassador to Nauru was recently replaced in an effort to inject more energy into the bilateral relationship. Nauru complained to us, as Tuvalu has in the past, of Australian efforts to push alignment with the PRC. Taiwan has offered used purse-seiners to several Pacific allies, raising issues under the Western and Central Pacific tuna treaty. We comment that USG efforts need to continue to try to convince both China and Taiwan to be responsible donors. End summary.

2. (U) The Ambassador visited Tuvalu, Kiribati, and Nauru from July 16-27. All three small nations recognize Taiwan. During the past year, all three have experienced "interesting" events in the China-Taiwan competition.

Taiwan aid to Tuvalu: cash; in kind; and seaman jobs

3. (C) Tuvalu has recognized Taiwan for the entire 29 years since independence. The Tuvalu Minister of Finance said Taiwan currently provides A\$5 million of assistance per year: A\$3 million in budget support, and A\$2 million in projects on the various islands. The Taiwan Ambassador told us the A\$5 million recently increased from A\$3.5 million. He said all is "project aid" and all must be accounted for. In addition, Taiwan just completed the refurbishment of one of Tuvalu's

two inter-island ferry boats. And Taiwan has agreed to place 12 Tuvalu seamen on Taiwan merchant ships in an experiment. One of Tuvalu's main sources of income is from seamen working on German ships, but supply exceeds demand, in part because some of the Tuvalu seamen have had discipline problems. The Taiwan Ambassador to Tuvalu told us the Tuvalu seamen will be much more expensive than seamen from the Philippines. The Taiwan Government is placing the seamen on ships of a government-affiliated company and will subsidize the cost.

Former Taiwan Amb PNGed; new Amb a good fit

14. (C) Following Tuvalu's general election last August, the then-Taiwan Ambassador suddenly departed. Speaker of Parliament Latasi and the current Taiwan Ambassador both told us the former Ambassador had been accused of meddling in the process of forming the new government. Latasi said flat out: "he was offering bribes, totally inappropriate behavior." He was PNGed. The current Ambassador appears to have built very cordial relationships with Tuvalu's leadership. The big social event in Funafuti each week is a Wednesday evening buffet at the one hotel. The Taiwan Ambassador always invites a dozen or so Tuvalu VIPs. The night we observed, the entire Cabinet, almost the entire governing caucus, was in attendance. Interestingly, when we met informally with the new Ambassador, he offered a \$100 gift watch, with assurance that nobody would ever know. We declined, but it illustrates how ingrained gift-giving is with Taiwanese diplomats.

PRC always digging, but Taiwan makes people content

15. (C) The Tuvalu Finance Minister aspires to create an

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"economic relationship" with the PRC, but he said others prefer to stick purely to Taiwan. The Taiwan Ambassador reported that the PRC is "always digging." When the Taiwan Embassy recently processed visas for two Tuvalu MFA officials to visit Taipei, they found used PRC visas in the passports. Taiwan believes the Tuvalu "old guard" politicians are loyal, including Speaker of the House Latasi. Latasi, himself, informed us he has advocated switching to the PRC, given world realities; but Taiwan's presence is well-established and most people are content.

Kiribati: August election; Tong and Taiwan confident

16. (C) In Kiribati, the last two elections have seen switches of allegiance between Taiwan and the PRC, most recently in 2004 when current President Tong came in and immediately recognized Taiwan. That caused the PRC to evacuate its presence, including a satellite-tracking station on South Tarawa. The PRC left behind a "caretaker" for its diplomatic properties, a person widely believed to be an intelligence agent. Having perceived signs of meddling in politics, Kiribati Immigration refused to extend the caretaker's visa early this year. Since then the PRC has not been visibly present; however, some surmise the PRC is continuing attempts via agents to influence the general elections now scheduled for Aug. 22. President Tong told us he is confident of victory. The Taiwan Ambassador feels the same. The Taiwan Ambassador said all his government's assistance to Kiribati is carefully accounted for, and much of it is project aid on outer islands. Tong does not believe the China-Taiwan issue will influence voting, though he thinks most Kiribati citizens perceive that Taiwan gives more than the PRC did.

Nauru: PRC meddling helps trigger early election

17. (C) In Nauru, recent changes of government have also caused shifts between Taiwan and the PRC. After the 2004 election, the Scotty government restored Nauru's long-standing allegiance to Taiwan after previous President Harris had shifted to the PRC, reportedly in exchange for significant Chinese cash. Thereafter, the Harris crowd

charged that the Scotty crowd had received under-the-table cash from Taiwan. In recent months, Nauru authorities allege PRC agents have brought in up to A\$40,000 for distribution to voters in order to help Harris and other Scotty opponents win this year's election and shift allegiance back to Beijing. In fact, a major reason why Scotty moved the elections up by two months from October to August 25 is to reduce the PRC's opportunity to influence voters. The Minister of Commerce reported that PRC representatives recently attempted to enter Nauru via a "Mongolian trade mission," traveling on Mongolian passports. Nauru came to realize they were actually PRC citizens and revoked their visas.

Taiwan aid: plenty available with minimal accounting

18. (C) The Nauru Commerce Minister acknowledged that both Beijing and Taiwan dole out cash to politicians, it is just a matter of to whom. The Secretary of Finance (an Aussie) told us Taiwan currently provides A\$4.5 million per year in budget support (a Taiwan embassy official said it is A\$4.7 million), and Taiwan is paying A\$2 million per year for six years to buy a Boeing 737 for Nauru's "Our Airline." Plus, Taiwan provides each Minister A\$5,000 per month and all other government MPs A\$2,500 per month in "project funding" that requires minimal accounting. One MP told us he uses his portion to buy daily breakfast for all school children in his district. Taiwan reportedly is also giving Nauru 100 tons of rice, which the Nauru Government then sells to the public at a discount price, to the consternation of Australian rice exporters. (Note: As point of comparison, Australian FM Downer in July signed a new MOU that will provide Nauru A\$15 million per year for the next two years.)

Nauru also sent a Taiwan Amb packing

19. (C) President Scotty informed us that Taiwan's recent change of ambassadors was not just because the previous one had reached age 65. He had been too "aloof" and had "needed more energy." He had not been sufficiently active socially,

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and presumably had failed to spread sufficient largess. Given PRC activities, both Taiwan and the Scotty Government desired change. The former ambassador had not wanted to leave, but he left. The new one was to arrive on July 27.

Australian lobbying on behalf of the PRC

110. (C) Scotty told us Australia, which has the biggest assistance program to Nauru, has pushed for Nauru to align with the PRC. Scotty figures that is none of Australia's business and has resisted. (Note: on a past visit to Tuvalu, we heard a similar account of Australian lobbying for the PRC.)

Purse-seiner offers

111. (C) Taiwan has offered used purse-seiner tuna boats to Tuvalu and Nauru (one each) and the Marshalls (two). It is possible similar offers have been made to the other Taiwan-affiliated Pacific nations. We asked if Taiwan has coordinated its purse-seiner offers with the Western and Central Pacific Fisheries Commission (WCPFC). The Tuvalu Deputy PM said his government realizes it needs a blessing from the WCPFC. He suggested the current WCPFC limit on the number of purse-seiners permitted to fish could be maintained by inserting the island-state boats and dropping some of the distant-water boats. He said the Forum Fisheries Commission discussed the issue last May in New Zealand, and further discussion will take place at the WCPFC annual meeting in December.

Comment

112. (C) The China/Taiwan competition remains heated in the Pacific. From what we have observed, each side does what it

deems necessary to try to maintain or gain allegiance in each small nation. Some inducements are legitimate project aid. Some are straight-out government budget supplements. Some, like the purse-seiners, appear to be based on flawed concepts that could frustrate regional-development goals. And some are under-the-table bribes and vote-buying efforts. It is in the region's interest, and the USG's, to encourage good behavior by both China and Taiwan in coordination with other donors, and to discourage illegality by both. We know both China and Taiwan are aware of USG seriousness, from past high-level lobbying of both. From what we heard in Tuvalu, Kiribati, and Nauru, the message still bears repeating.

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